

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): July 28, 2004

CALIFORNIA WATER SERVICE GROUP
(Exact name of registrant as specified in its charter)

Delaware 77-0448994
(State of Incorporation) (I.R.S. Employer Identification No.)

Commission file number 1-13883

1720 North First Street, San Jose, CA. 95112
(Address of principal executive offices) (Zip Code)

1-408-367-8200
(Registrant's telephone number, including area code)

Former name, former address and former fiscal year, if changed since last report: Not Applicable

Item 12. Disclosure of Results of Operations and Financial Condition

On July 28, 2004, the registrant issued the press release attached to this report as Exhibit 99, which announces the results of operations for the second quarter of 2004.

SIGNATURES

Pursuant to the requirement of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CALIFORNIA WATER SERVICE GROUP
Registrant

Date: July 28, 2004

By: /s/ Richard D. Nye

Richard D. Nye
Vice President,
Chief Financial Officer and Treasurer

[CALIFORNIA WATER SERVICE GROUP LOGO]

[CWT Listed NYSE Logo]

NEWS RELEASE
CALIFORNIA WATER SERVICE GROUP

1720 North First Street
San Jose, CA 95112-4598

July 28, 2004
For Immediate Release

Contact: Richard D. Nye (408) 367-8216 (analysts)
Shannon Dean (310) 257-1435 (media)

CAL WATER ANNOUNCES SECOND QUARTER 2004 RESULTS;
BOARD DECLARES 239TH CONSECUTIVE QUARTERLY DIVIDEND

SAN JOSE, CA - California Water Service Group (NYSE : CWT) today announced net income of \$10.1 million and earnings of \$0.59 per share for the second quarter of 2004, compared to net income of \$4.6 million and earnings of \$0.30 per share in the second quarter of 2003.

Revenue for the second quarter increased \$20.8 million, or 31%, to \$88.8 million. Rate increases added \$9.7 million to revenue and sales to new customers added \$1.7 million. Sales to existing customers were also higher, increasing \$9.4 million over the same period last year.

Total operating expenses for the second quarter increased 24%, or \$14.3 million. Water production costs increased 28%, primarily due to increased water usage and rate increases by wholesale water suppliers. Other operations expenses increased by 12% as a result of increased costs for water treatment, insurance, labor, regulatory fees, and employee benefits. Depreciation expense increased 12% due to increases in 2003 capital expenditures. Income tax expense doubled due to the higher pre-tax income.

There was no effect from property sales for the current quarter, while gains of \$1.0 million were posted in the second quarter of 2003.

"Our second quarter water sales were positively affected by hot, dry weather, which increased sales over the same period last year. Also, our

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improved results reflected rate relief we received from the California Public Utilities Commission," said President and Chief Executive Officer Peter C. Nelson.

On July 8, 2004, the California Public Utilities Commission (CPUC), in approving a rate increase of \$1.1 million for the Salinas district, found that the Company should be fined \$75,000 and reduced the return on equity by 50 basis points for the Salinas district as a result of the Company not properly reporting the acquisition of three small water systems. The time frame for the return on equity reduction is expected to be one year. The decision closes a proceeding in which the CPUC's Office of Ratepayer Advocates had recommended a penalty of nearly \$10 million for the reporting error.

Including the Salinas decision, the CPUC has authorized rate increases totaling approximately \$10 million in annual revenues year-to-date.

At their meeting today, Directors declared the 239th consecutive quarterly dividend on common stock in the amount of \$0.2825. It is payable on August 20, 2004, to stockholders of record on August 9, 2004. The regular dividend on Series C preferred stock was also declared.

Investors are invited to listen to the Company's analyst teleconference, which is scheduled for 4:00 p.m. EDT / 1:00 p.m. PDT on July 29, 2004. The call-in number is 1-866-206-5917 and the ID No. is 485611. A replay is available through August 5, 2004, by calling 1-888-266-2081 and entering pass code 485611.

California Water Service Group is the parent company of California Water Service Company, Washington Water Service Company, New Mexico Water Service Company, Hawaii Water Service Company, Inc., and CWS Utility Services. Together these companies provide regulated and non-regulated water service to more than 2 million people in 100 California, Washington, New Mexico, and Hawaii communities. Group's common stock trades on the New York Stock Exchange under the symbol "CWT."

This news release contains forward-looking statements within the meaning established by the Private Securities Litigation Reform Act of 1995 ("Act"). The forward-looking statements are intended to qualify under provisions of the federal securities laws for "safe harbor" treatment established by the

expectations, estimates, assumptions and projections, and management's judgment about the Company, the water utility industry and general economic conditions. Such words as expects, intends, plans, believes, estimates, assumes, anticipates, projects, predicts, forecasts or variations of such words or similar expressions are intended to identify forward-looking statements. The forward-looking statements are not guarantees of future performance. They are subject to uncertainty and changes in circumstances. Actual results may vary materially from what is contained in a forward-looking statement. Factors that may cause a result different than expected or anticipated include: governmental and regulatory commissions' decisions; changes in regulatory commissions' policies and procedures; the timeliness of regulatory commissions' actions concerning rate relief; new legislation; the ability to satisfy requirements related to the Sarbanes Oxley Act section 404 and other regulation on internal controls; electric power interruptions; increases in suppliers' prices and the availability of supplies including water and power; fluctuations in interest rates; changes in environmental compliance and water quality requirements; acquisitions and our ability to successfully integrate acquired companies; the ability to successfully implement business plans; changes in customer water use patterns; the impact of weather on water sales and operating results; access to sufficient capital on satisfactory terms; civil disturbances or terrorist threats or acts, or apprehension about the possible future occurrences of acts of this type; the involvement of the United States in war or other hostilities; restrictive covenants in or changes to the credit ratings on our current or future debt that could increase our financing costs or affect our ability to borrow, make payments on debt or pay dividends; and, other risks and unforeseen events. When considering forward-looking statements, you should keep in mind the cautionary statements included in this paragraph. The Company assumes no obligation to provide public updates of forward-looking statements.

Additional information is available at our Web site at www.calwatergroup.com.

Attachments (3).

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CALIFORNIA WATER SERVICE GROUP
CONDENSED CONSOLIDATED BALANCE SHEET
Unaudited

(In thousands, except per share data)

| | June 30, 2004 | December 31, 2003 |
|---|------------------|----------------------|
| | ----- | ----- |
| ASSETS | | |
| Utility plant: | | |
| Utility plant | \$ 1,106,534 | \$ 1,078,975 |
| Less accumulated depreciation and amortization | 331,150 | 319,477 |
| | ----- | ----- |
| Net utility plant | 775,384 | 759,498 |
| | ----- | ----- |
| Current assets: | | |
| Cash and cash equivalents | 24,109 | 2,856 |
| Customer receivables | 23,095 | 18,434 |
| Other receivables | 13,608 | 5,125 |
| Unbilled revenue | 13,108 | 8,522 |
| Materials and supplies | 3,225 | 2,957 |
| Taxes and other prepaid expenses | 6,934 | 5,609 |
| | ----- | ----- |
| Total current assets | 84,079 | 43,503 |
| | ----- | ----- |
| Regulatory assets | 54,747 | 53,326 |
| Other assets | 18,228 | 16,708 |
| | ----- | ----- |
| | \$ 932,438 | \$ 873,035 |
| | ===== | ===== |

CAPITALIZATION AND LIABILITIES

Capitalization:

| | | |
|---|---------|---------|
| Common stock, \$.01 par value | \$ 183 | \$ 169 |
| Additional paid-in capital | 130,636 | 93,748 |
| Retained earnings | 152,764 | 150,908 |
| Accumulated other comprehensive loss | (301) | (301) |
| | ----- | ----- |
| Total common stockholders' equity | 283,282 | 244,524 |
| Preferred stock | 3,475 | 3,475 |
| Long-term debt, less current maturities | 271,968 | 272,226 |

| | | |
|--|------------|------------|
| Total capitalization | 558,725 | 520,225 |
| Current liabilities: | | |
| Current maturities of long-term debt | 846 | 904 |
| Short-term borrowings | -- | 6,454 |
| Accounts payable | 28,624 | 23,776 |
| Accrued expenses and other liabilities | 36,406 | 32,430 |
| Total current liabilities | 65,876 | 63,564 |
| Unamortized investment tax credits | 2,925 | 2,925 |
| Deferred income taxes | 48,144 | 38,005 |
| Regulatory and other liabilities | 38,100 | 35,835 |
| Advances for construction | 126,642 | 121,952 |
| Contributions in aid of construction | 92,026 | 90,529 |
| Commitments and contingencies | -- | -- |
| | \$ 932,438 | \$ 873,035 |

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CALIFORNIA WATER SERVICE GROUP
CONDENSED CONSOLIDATED STATEMENT OF INCOME
(In thousands, except per share data)
Unaudited

| For the three months ended: | June 30, 2004 | June 30, 2003 |
|--------------------------------------|------------------|------------------|
| Operating revenue | 88,845 | \$67,994 |
| Operating expenses: | | |
| Operations | 55,450 | 45,693 |
| Maintenance | 3,032 | 3,063 |
| Depreciation and amortization | 6,521 | 5,838 |
| Income taxes | 6,844 | 3,314 |
| Property and other taxes | 2,915 | 2,538 |
| Total operating expenses | 74,762 | 60,446 |
| Net operating income | 14,083 | 7,548 |
| Other income and expenses: | | |
| Non-regulated income, net | 573 | 559 |
| Gain on sale of non-utility property | 0 | 958 |
| Total other income and expenses | 573 | 1,517 |
| Interest expense: | | |
| Interest expense | 4,752 | 5,090 |
| Less capitalized interest | 150 | 610 |
| Total interest expense | 4,602 | 4,480 |
| Net income | 10,054 | \$ 4,585 |
| Earnings per share | | |
| Basic | 0.59 | \$ 0.30 |
| Diluted | 0.59 | \$ 0.30 |
| Weighted average shares outstanding | | |
| Basic | 16,965 | 15,182 |
| Diluted | 16,983 | 15,198 |
| Dividends per share of common stock | 0.28250 | \$0.28125 |

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CALIFORNIA WATER SERVICE GROUP
CONDENSED CONSOLIDATED STATEMENT OF INCOME
(In thousands, except per share data)
Unaudited

| For the six months ended: | June 30, 2004 | June 30, 2003 |
|---------------------------|------------------|------------------|
|---------------------------|------------------|------------------|

| | | |
|--------------------------------------|-----------|-----------|
| Operating revenue | \$149,085 | \$119,305 |
| Operating expenses: | | |
| Operations | 96,948 | 83,453 |
| Maintenance | 6,213 | 6,316 |
| Depreciation and amortization | 13,039 | 11,598 |
| Income taxes | 7,802 | 2,761 |
| Property and other taxes | 5,609 | 5,003 |
| Total operating expenses | 129,611 | 109,131 |
| Net operating income | 19,474 | 10,174 |
| Other income and expenses: | | |
| Non-regulated income, net | 1,123 | 1,169 |
| Gain on sale of non-utility property | 1 | 1,511 |
| Total other income and expenses | 1,124 | 2,680 |
| Interest expense: | | |
| Interest expense | 9,398 | 9,947 |
| Less capitalized interest | 300 | 910 |
| Total interest expense | 9,098 | 9,037 |
| Net income | \$ 11,500 | \$ 3,817 |
| Earnings per share | | |
| Basic | \$ 0.67 | \$ 0.25 |
| Diluted | \$ 0.67 | \$ 0.25 |
| Weighted average shares outstanding | | |
| Basic | 16,949 | 15,182 |
| Diluted | 16,967 | 15,191 |
| Dividends per share of common stock | \$0.56500 | \$0.56250 |